

# *Trade Policy in 2005: APEC and Korea's Moment of Opportunity*

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# Agenda

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## ☐ Trade Policy in 2005

- WTO and the Doha Round
- Korea
- United States
- Korea and the United States

## ☐ An American View of Korea in Northeast Asia

- A "SWOT" Analysis
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# WTO Doha Round: Looking Back

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- ❑ November 2001: Doha Declaration  
→ Hope is Born
  - ❑ September 2003: Cancun Ministerial  
→ Disaster Strikes
  - ❑ July 2004: "July Package"  
→ Hope Returns
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# WTO Doha Round: Looking Forward

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- ❑ March/April: Service Sector Offers, Manufactured Goods Negotiations
  - ❑ June 1-3: **Jeju APEC Trade Ministerial**
  - ❑ November 18-19: **Busan APEC Leaders' Meeting**
  - ❑ December 13-18: Hong Kong Ministerial Conference
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# WTO Doha Round: Key Questions

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- ☐ Progress in NAMA/Services/Agriculture?
  - ☐ Will NAMA beneficiaries make bold offers in services talks?
  - ☐ Will progress continue on agricultural market access?
  - ☐ For United States: Will we be able to convince Europe, Group of 20 to act?
  - ☐ For Korea: Be a leader or a follower?
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# Korea: Trade Policy in 2005

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- Likely to continue aggressive approach on Free Trade Agreements:
    - Conclude and ratify Singapore pact
    - Significant progress on Japan agreement
    - Brick-laying on ASEAN and Canada
  - “After Rice” → More Attention to Doha Round
  - APEC: Opportunity for Leadership and Bilateral Breakthroughs with U.S., China
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# United States: Trade Policy in 2005

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- Continue to actively pursue bilateral and multilateral FTA's
    - Concentration on the Americas
    - Concentration on the “Willing” – politically and in trade policy
  - Push hard to make major progress in Doha Round, balanced across services and NAMA, but especially in agriculture
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# U.S. & Korea: 2005 is a Crucial Year

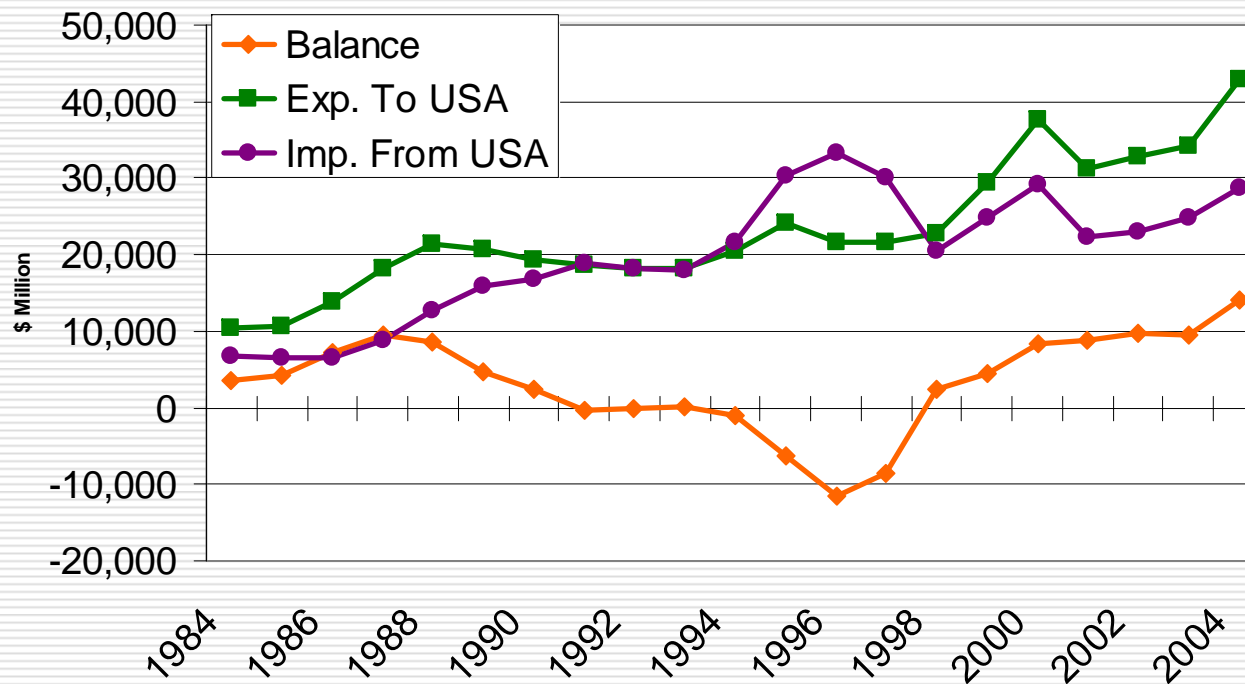
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- ❑ Korea's hosting of APEC will increase bilateral dialogue and coordination, including on APEC
  - ❑ U.S. will seek progress in trade areas of concern: agriculture, autos, telecom, intellectual property rights, pharmaceuticals
  - ❑ **Moment of Opportunity:** Potential for a breakthrough toward acceleration of improvement and deepening in bilateral trade ties
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# Korea's Bilateral Trade Surplus with U.S. Grew in 2004

Trade Between United States and Korea



# U.S.-Korea Economic Agenda

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- Current Key Sectoral Issues:
    - Intellectual Property Rights
    - Telecommunications regulation
    - Pharmaceuticals regulation
    - Access to autos market
    - Access to agricultural markets
  - Likely FTA agenda, beyond agriculture:
    - competition policy enforcement;
    - IPR protection
    - pharmaceuticals pricing;
    - setting of technology standards;
    - investment limits and cultural quotas;
    - access for services industry firms and professionals.
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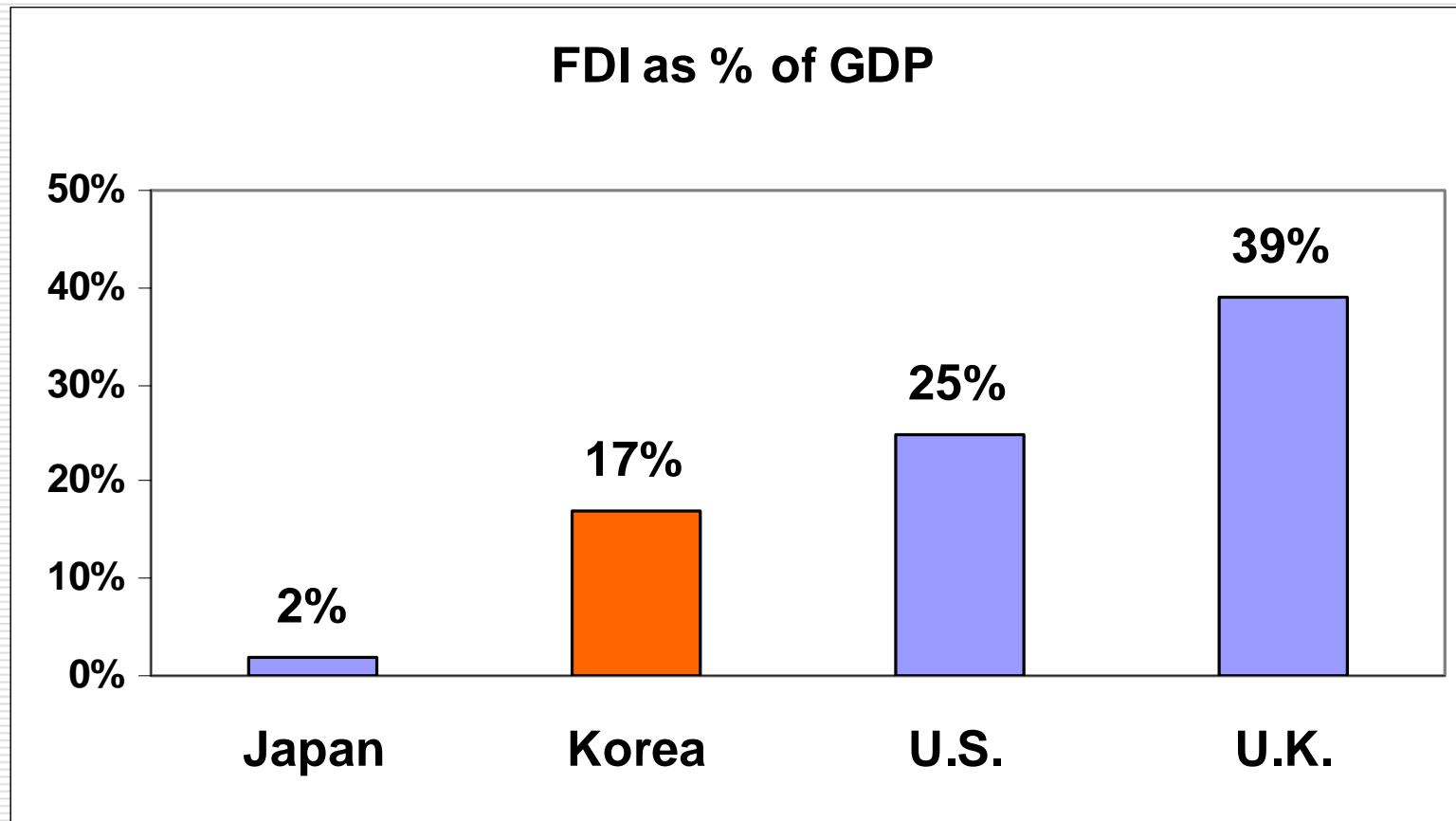
# Looking at Korea from the U.S.

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- A strategic presence in Northeast Asia, economically as well as politically
    - An Open Economy
    - Committed to Democracy
    - Significant human and technological resources
    - Interested in regional integration
    - Interested in extra-regional anchors, in order not to drown as surrounded by giants
  - A Natural Partner for the United States, even beyond meeting the North Korea threat
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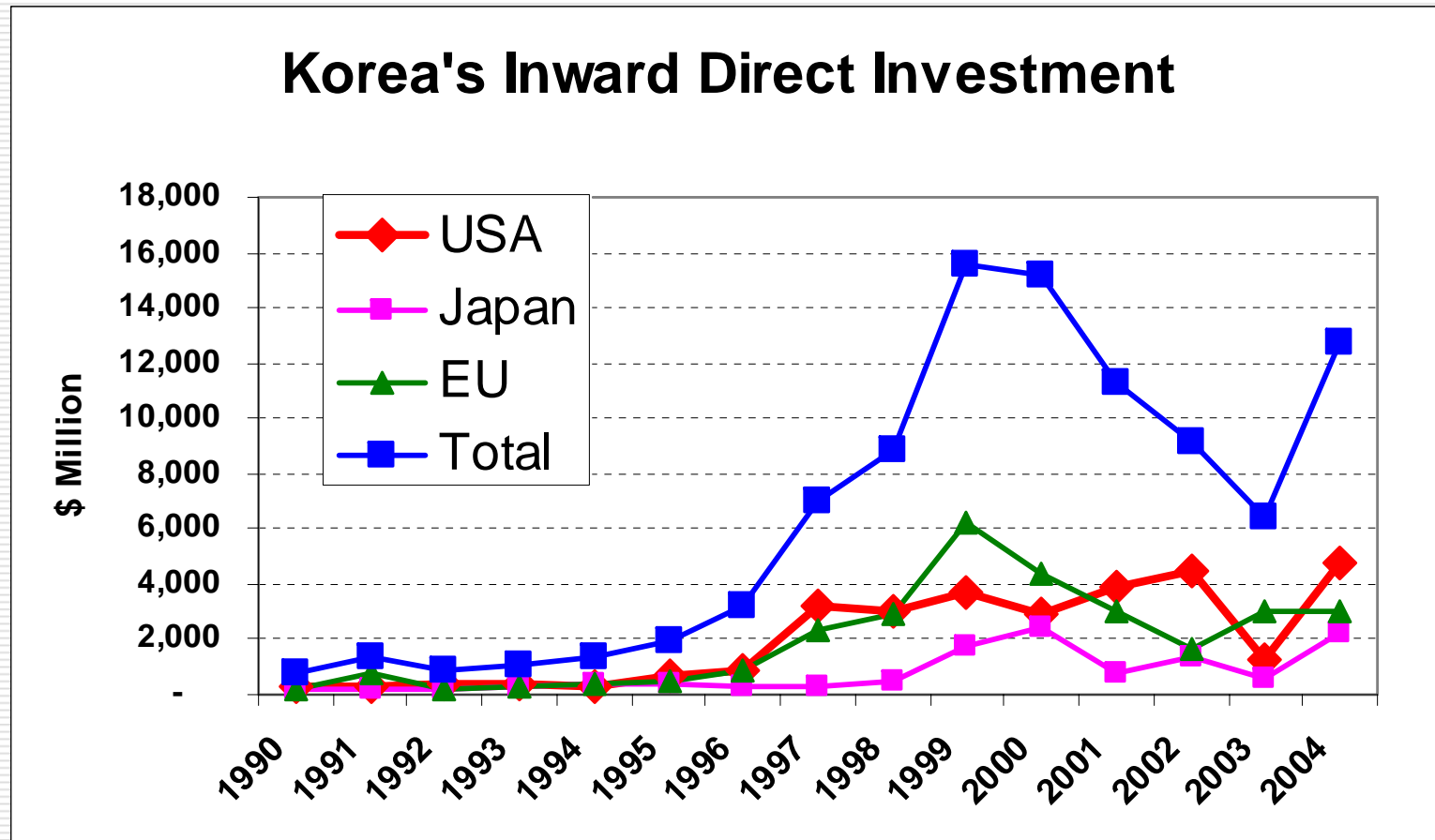
# Korea Has a Fairly High Rate of Inward Foreign Investment

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# Inward Investment Rebounded in 2004, Led by United States

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# A "SWOT" Analysis

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## ☐ Strengths

- Technology savvy
- Human resources
- Solid macroeconomics

## ☐ Weaknesses

- Labor-management ties
- Regulatory opacity
- Corporate governance

## ☐ Opportunities

- China and Japan proximity
- Relationship with U.S.
- APEC 2005

## ☐ Threats

- China and Japan proximity
  - Lack of confidence
  - Political paralysis/insularism
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# Conclusion

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- ❑ Strengths are all permanent or long-lasting
  - ❑ Weaknesses stem from short industrial development history
  - 2005 will be a good year for minimizing threats and utilizing opportunities
  - A chance for Korea to excel in trade policy, deepen its economic ties to the United States, and thereby become stronger in the region
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